

PUBLIC DISCLOSURE

January 4, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PUTNAM FIDUCIARY TRUST COMPANY

**ONE POST OFFICE SQUARE
BOSTON, MA 02190**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting its needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Putnam Fiduciary Trust Company (or the "Bank")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding".

An institution in this group has an outstanding record of ascertaining and helping to meet the credit needs of its assessment area, including low and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Putnam Fiduciary Trust Company is designated as a wholesale institution under the laws and regulations of the Commonwealth of Massachusetts. Under the CRA regulation, the CRA performance of wholesale institutions is assessed under the community development test. The community development test considers the activity and initiatives of an institution's community development lending, qualified investments and services with the primary purpose of community development. The institution's responsiveness to community development needs is also evaluated.

The Bank does not provide extensions of credit or credit facilities to retail customers. The institution engages in community development activities primarily through charitable contributions and involvement in local organizations. Given the nature of its business, Putnam Fiduciary Trust Company has an excellent level of community development services and qualified investments.

PERFORMANCE CONTEXT

Description of Institution

Putnam Fiduciary Trust Company is designated as a wholesale institution under Massachusetts General Laws Chapter 167. The institution's primary business is providing investment management and other fiduciary services to corporate plans. The Bank does not extend any form of credit to retail customers. As of September 30, 2005, the company had total assets of \$343,311,000.

Putnam Fiduciary Trust Company also provides operational trust services to certain other customers. Bank custody activities are provided for both open-end and closed-end funds. The Bank is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers. The institution also does not accept deposits from the general public.

Putnam Fiduciary Trust Company's only office is located at One Post Office Square, Boston, Massachusetts. The Bank is a subsidiary of Putnam Investments, Incorporated ("Putnam Investments"), which is in turn controlled by Marsh & McLennan Companies, Incorporated. Putnam Investments operates additional facilities in Andover and Franklin, Massachusetts. The institution's community development activities are primarily through the charitable contributions of its parent company, Putnam Investments. Putnam Investments supports several grant programs. This contribution program is generous and supports many worthwhile organizations and causes, many of which benefit low and moderate-income individuals.

Putnam Fiduciary Trust Company was previously examined for compliance with the CRA by the Division as of July 12, 2001. The examination resulted in a Satisfactory rating.

Description of Assessment Area

Since Putnam Fiduciary Trust Company's primary business is the provision of fiduciary services to institutions throughout the United States, its service area is the entire country. The Bank recognizes its special obligation of service to the Commonwealth and to the community in which it is located. However, as Putnam Fiduciary Trust Company is not engaged in the business of making loans, the boundaries of the institution's assessment area cannot be defined in the same manner as an ordinary banking institution. In recognition of its main location in Boston, the Bank recognizes a special obligation of service to the City of Boston, as well as the towns of Franklin, and Andover, where its corporate affiliates are located.

PERFORMANCE CRITERIA

The community development test considers the institution's community development activities, which are defined as community development lending, qualified investments and services with the primary purpose of community development. As defined under the CRA regulation, community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms and activities that revitalize or stabilize low and moderate-income geographies.

As mentioned previously, Putnam Fiduciary Trust Company does not extend any forms of credit; therefore, the institution engages in community development activities primarily through philanthropic and service-related efforts. As a result of the level of qualified grant and service efforts, the institution exceeds the standards for satisfactory performance for the time period January 1, 2003 through December 31, 2005.

The philanthropic efforts are generally the undertaking of the Bank's parent company, Putnam Investments. All charitable contributions are executed at the parent company level. These contributions are largely influenced by company-wide surveys. Putnam Fiduciary Trust Company's contributions are designated into several programs as follows:

Youth Partners

This program sponsors an array of activities and focuses its grants on programs that work with young inner-city children and young adults on career development and job training. Through this program, Putnam Fiduciary Trust Company provides opportunities for employees to volunteer in a variety of activities such as job training and mentoring programs.

Direct Giving

The Direct Giving Program provides grants to organizations in which Putnam Investment's employees (including the employees of the Bank) are involved. This program offers Putnam employees the chance to support organizations that have significance to them. Putnam Fiduciary Trust Company will make direct donations to various organizations based upon an employee review committee recommendation.

Management Grants

Management Grants are considered by Putnam Investments to be "community fabric grants." These grants are given to support the fine arts, museums, hospitals and other organizations at the Chief Executive Officer's discretion.

Holiday Contributions

In lieu of sending holiday gifts and responding to holiday sponsorship solicitations, Putnam Fiduciary Trust Company makes direct grants to several organizations and agencies that benefit low and moderate-income individuals and census tracts.

PERFORMANCE CRITERIA (CONTINUED)

Local Initiatives Grant

The local Grant Initiative committees in Andover, Boston, and Franklin awarded grants in December 2005 in order to help support crisis related issues such as hunger and homelessness.

QUALIFIED INVESTMENTS

Putnam Fiduciary Trust Company has maintained an excellent level of community development investments for the time period covered by this examination. Putnam Investments made qualifying contributions totaling \$7,007,745 for the time period covered by this examination, January 1, 2003 through December 31, 2005. Breakdown by year is as follows: 2003 \$2,947,745, 2004 \$2,584,300.00, and 2005 \$1,475,700.00. The following are examples of some of the major qualifying community development grants to various organizations and agencies over the time period covered by this examination.

Food Pantries and Homeless Shelters: Putnam Fiduciary has provided a number of contributions through area food pantries, soup kitchens and homeless shelters. Examples of various organizations devoted to feeding low-income families and homeless individuals include:

- Project Bread Walk for Hunger
- Greater Boston Food Bank
- Boston Rescue Mission
- Harvard Square Homeless Shelter
- Lazarus House
- Franklin Food Pantry

Youth Targeted Organizations: The youth targeted organizations focus on at risk inner-city youth by providing daycare, after school programs, educational, mentoring, counseling and health care services. Examples of such organizations include:

- Big Brother Association of Greater Boston
- Big Brother/Big Sisters of America
- Boys and Girls Clubs of Boston
- Boston Cares
- Boston Partners in Education
- Lawrence Boys and Girls Club
- Family Service Inc. of Lawrence
- Lawrence Partners in Education
- Merrimack Valley YMCA/Lawrence Branch

PERFORMANCE CRITERIA (CONTINUED)

QUALIFIED INVESTMENTS (CONTINUED)

American Red Cross

This is a humanitarian organization led by volunteers. It is a charity organization that serves America in peace and in war, during times of disaster and national calamity and is committed to saving lives and easing suffering. Their mission is to provide relief to victims of disasters, both locally and globally, and help people prevent, prepare for, and respond to emergencies. The Red Cross is responsible for half of the nation's blood supply and blood products.

Bay Cove Human Services

Bay Cove Human Services is a private, not-for-profit corporation that provides a wide variety of services to children, adults and their families who live with mental illness, addiction disorders or developmental disabilities.

Bridge Over Troubled Waters

Bridge Over Troubled Waters is a nonprofit multi service organization serving the needs of runaway, homeless and other youths at risk. The organization's core services include outreach, mobile medical, health care, counseling, education/pre-employment, family and transitional housing services.

Citizens Schools

Citizens Schools is an after school and summer educational program which relies upon ordinary citizens to teach what they know and share their expertise with young inner-city children. Students become apprentices in many fields and are provided unique educational and work experience during non-school hours. All programs are run in public school buildings and are offered at four locations across Boston's inner city. The program is open to children ages 9-14 and proves to have a positive impact on the child's academic skills and augments school to career movement programs.

City Year

This organization seeks to demonstrate, improve and promote the concept of national service as a means for building a stronger democracy. City Year strives to fulfill its vision through three core activities; running a full-time youth service corps, engaging citizens in service through large-scale, high-impact community events, and learning discussion and development of national service policies and initiatives.

PERFORMANCE CRITERIA (CONTINUED)

QUALIFIED INVESTMENTS (CONTINUED)

COR UNUM Meal Center

The Cor Unum Meal Center is located in Lawrence, Massachusetts. The center will be used to help combat hunger. \$1.4 million dollars was needed to build the Cor Unum Meal Center. In the autumn of 2004, a campaign was launched to raise \$1.4 million for the construction of Cor Unum, with Labels Are For Jars at the center of the pursuit of the mission. In September of 2005, the fundraising goal for the construction for Cor Unum was reached. Construction of the Cor Unum Meal Center is scheduled to be completed in the spring/summer of 2006. This organization is targeted to low- and moderate-income individuals who need assistance in getting food and nourishment in order to survive.

Habitat for Humanity

This not for profit organization assists families in attaining home ownership through self-help and outside donations of cash, materials, and labor. Home construction is accomplished primarily through voluntary laborers who build houses that are then sold to selected low-income families.

Inner City Scholarship Fund

Inner City Scholarship Fund provides financial support to numerous inner city parochial schools operated by the Archdiocese of Boston. Donated funds are used to provide scholarships on behalf of students in financial need.

Kid's Clothes Club

The Kid's Clothes Club provides winter clothing for children in need. It has grown to serve over 100 organizations and agencies in greater Boston and is proud to provide the gift of a new warm winter coat to 4,000 children a year. The Kid's Clothes Club remains a grass roots organization of neighbors, but has expanded with the increasing need.

Restoration Project

This is a nonprofit vocational rehabilitation program teaching traditional methods of furniture restoration to adults with mental illness and at-risk adolescents. They teach participants to refinish and upholster furniture to build confidence and good work habits. Each job is broken into manageable, cumulative tasks, and mistakes are easily fixed. The tasks they perform must match their abilities with the goal of improving self esteem. Their goal is to provide a creative, fulfilling endeavor set in a congenial atmosphere that will challenge and nurture the participant's abilities.

PERFORMANCE CRITERIA (CONTINUED)

QUALIFIED INVESTMENTS (CONTINUED)

The Horizon's Initiative

The Horizon's Initiative is a non profit organization established to assist homeless children. Putnam Fiduciary Trust Company has shown financial support for this organization, which has provided play spaces in family shelters and educational training for volunteers in shelters to engage children in fun and educational play activities. Additionally, the agency provides childcare support for homeless children as well as education, job training and parenting skills for the parents of homeless children.

Tri-County Partnership

The Tri-County Partnership was organized in July 1994 to facilitate the community mini-grants program. The purposes of the organization are to encourage community and county groups to build stronger communities and a healthier economy and to initiate projects that encourage collaboration and skill building within the tri-county area. They address a multitude of needs in the community thereby providing a holistic approach to community improvement. The Bank's grants help 13 area school districts to link with local businesses, increasing interactive career exploration and employment opportunities for middle and high school students.

United Way

Putnam Fiduciary Trust Company continues to make substantial contributions to the United Way. Allocations of funds are made to various area nonprofit agencies where contributions are targeted towards programs that provide assistance to the homeless, daycare, counseling and emergency services to low-income families. Additional programs that are supported through these agencies are basic education, job training and housing.

Women's Educational & Industrial Union

This organization's mission is to expand educational and economic opportunities and achieve social justice for all women. They believe that education and economic self-sufficiency set the stage for women and their families to thrive. They strive to provide leadership in pursuit of social and economic justice. They also ensure their work has a strong positive impact on the lives of women and their families. They embrace diversity, building bridges among all women across the divides of races, economics, community, age and ethnicity, and utilize learning to continually innovate.

PERFORMANCE CRITERIA (CONTINUED)

COMMUNITY DEVELOPMENT SERVICES

The CRA regulation defines a community development service as a service that is primarily for a community development purpose and is related to the provision of financial services. The institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 2) the innovativeness of community development services, including whether they serve low and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low and moderate-income areas or individuals; and 4) their responsiveness to available opportunities for community development services.

Putnam Fiduciary Trust Company has maintained an exceptional level of performance related to community development services. Because of the nature of its business activities, the Bank is not in a position to act directly to help meet the capital and credit needs of the greater Boston community. However, the company encourages its officers and employees to participate in a number of programs, through area organizations, that assist in meeting the needs of low and moderate-income families and individuals.

In various capacities, the Bank's officers are involved with community organizations. Through these activities, the Bank's staff lends their technical expertise, experience and judgment to these organizations. Additionally, as a result of the grant giving structure within Putnam, the employees compete for grant money for the nonprofit organizations with which they affiliate. The qualified grants in the investment portion of this examination include several organizations to which Putnam employees lend their expertise. Detailed below is a sampling of Putnam Fiduciary Trust Company's qualified community development services.

- **Boston Cares:** The Managing Director serves as the Treasurer on this organization. Their mission is to organize and lead team-oriented volunteer opportunities and services in and around Boston that have a positive impact on individuals and communities. In doing so, they are able to provide a reliable source of volunteer labor to a number of non-profit organizations in the Greater Boston area.
- **Boys and Girls Clubs of Boston:** The Senior Managing Director serves on the Board of Overseers of this organization. This organization has five clubhouses and community partnerships serving nearly 12,000 kids. Their biggest focus is on the individual child – Changing the world, one child at a time. They reach out to boys and girls, generally from disadvantaged circumstances, to develop the qualities needed to become responsible citizens and leaders. To achieve this, they offer a variety of program activities and support services designed to assist in the educational, emotional, physical and social development of six to 18-year-olds, without regard to social, racial, ethnic, or religious background

PERFORMANCE CRITERIA (CONTINUED)

COMMUNITY DEVELOPMENT SERVICES (CONTINUED)

- **Bridge over Troubled Waters:** The Managing Director serves as the President of this organization. Bridge over Troubled Waters is a nonprofit crisis intervention and prevention center organization that assists women and children in crisis, particularly survivors of domestic violence, sexual assault and homelessness. It advocates for the oppressed; provides shelter, food and clothing to the needy and cares for and supports the community. Today, it serves up to 65 women and children in the emergency shelter daily and has expanded its programs to include a 29-family long-term housing complex (with a 2-year transitional housing and permanent housing for women with disabilities), 16-units of scattered site transitional housing, extensive non-residential services, casework provided along the continuum of care, on-site children's services, a 24-hour hotline, and community education.
- **COR UNUM Meal Center:** An Assistant Vice President serves as the inventory and distribution manager for the fundraising group called Labels Are For Jars in order to help finance the construction of a new meal center in Lawrence, Massachusetts.
- **Habitat for Humanity:** A Senior Vice President serves as the Treasurer on this organization. Habitat for Humanity addresses the issues of poverty housing; they build thousands of houses across the world. They work closely with volunteers to build decent homes low-income families can afford to buy. They have built or rehabilitated more than 200,000 houses for families in need.
- **Horizons for the Homeless Children:** A Senior Vice President is a board member on this organization. Horizons for Homeless Children is a non-profit organization dedicated exclusively to serving homeless children and their families. Their mission is to improve the lives of homeless children and their families. They provide homeless children in Massachusetts with the nurturing, stimulation and opportunities for early education and play that all children need to learn and grow in healthy ways. Also, they provide parents with the tools they need to achieve social and economic self-sufficiency. Horizons for Homeless Children touches the lives of more than 900 homeless children each week in Massachusetts through play spaces (educational and recreational spaces) in shelters and 126 children through its two Community Children's Centers.
- **Pine Street Inn:** The Managing Director serves on the Investment Committee of this organization. Pine Street Inn is a homeless Shelter located in the city of Boston, which provides a variety of social and vocational services.
- **Salvation Army's Greater Boston:** The Senior Vice President serves as a Board Member on the Advisory Board of this organization. This is a non-profit organization which provides social and vocational assistance to those in need.

PERFORMANCE CRITERIA (CONTINUED)

COMMUNITY DEVELOPMENT SERVICES (CONTINUED)

As depicted above, the institution's officers and employees have provided an outstanding level of service activities and involvement in community organizations primarily for community development purposes and related to the provision of financial services. The institution's management and employees have taken leadership roles in many of the organizations that promote economic development or target the revitalization of business communities.

FAIR LENDING POLICIES AND PRACTICES

The institution does not provide extensions of credit or credit facilities.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at One Post Office Square, Boston, MA 02109-2103.

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that area shall also include the address of the designated office for that area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.